



Ronald Rewald  
On way to court

## No bail cut — judge fears Rewald might flee state

By James Dooley  
Advertiser Staff Writer

Saying he feared that jailed investment counselor Ronald Rewald might flee "to Shangri-La, wherever that is," Circuit Judge Robert Won Bae Chang yesterday denied a motion to reduce Rewald's \$10 million bail.

Rewald — unshaven, dejected and shackled at the wrists and ankles — was present at the hearing but did not testify.

A federal bankruptcy court trustee has estimated that \$10 million to \$12 million in investments entrusted to the firm since January 1982 is missing.

Rewald has been in state custody since Aug. 8, when police arrested him on theft charges connected to the operation of his now-defunct investment consultant firm, Bishop, Aldwin, Rewald, Dillingham and Wong Inc.

Defense attorney Peter Wolff argued yesterday that the \$10 million bail figure was excessive and suggested that a lower figure of \$100,000, coupled with restrictions on Rewald's movements, would be more appropriate.

He said his client is willing to help Thomas Hayes, an interim trustee appointed Aug. 4 by federal bankruptcy court to run the Rewald company, locate corporate assets. Another Rewald attorney, Robert Smith, said that Rewald is willing to do so as long as he does not violate his Fifth Amendment rights against self-incrimination.

Hayes testified yesterday, repeating a glum forecast for recovery of investors' funds he

delivered Tuesday in federal court.

Hayes described the Rewald operation as a "Ponzi scheme" — an investment scam in which high returns on investments are falsely promised to potential investors.

Initial investors do receive the promised return, but only from later investments lured into the scheme. The operator pockets most of the money. The system works as long as ever-increasing amounts of new money are drawn into the scheme.

Some new details about Rewald's financial operation emerged in Hayes' testimony yesterday. He said he has located a bank account with company money in it in Taiwan, one of several foreign locations where Rewald established operations.

There is only about \$17,000 in that account, however, Hayes said, and he has no authority to order a freeze on the account.

He said he knows of a bank account in Chile but does not know how much money, if any, is in it.

Hayes also said that the Rewald company appeared to have "drained" millions of dollars from two large trusts.

One, called the McCormick Trust, was worth some \$4 million, and was transferred here from Mellon Bank in Pennsylvania a year ago on behalf of an elderly woman named Cecilia McCormick.

Attorney Arthur Reinwald, representing the trust, estimates that \$3 million of the \$4 million is gone, according to Hayes.

Sue Wilson, office manager of

Rewald's company, had power of attorney over some of the money during the period the money was "drained," Hayes said.

A considerable amount of money appears to be missing from another large trust called the Halvorsen Trust, Hayes said.

The trust is a \$1 million creditor of Rewald's company, Hayes said. An attorney who was a Halvorsen trustee, Robert Jinks, was a legal consultant for Rewald's firm and close associate of Rewald.

Jinks was in court yesterday.

Also in court was Rewald's former chauffeur, Franklin Kipilii, recently hired as a state court bailiff. Kipilii told The Advertiser yesterday he and his wife invested \$96,000 with the Rewald firm. He also said they have vacated a Hawaii Kani house provided to them by Rewald.

In addition to Hayes, FBI agent Tim Miller also testified yesterday, saying that a check of federal records showed Rewald was convicted in 1976 in Milwaukee, Wis., of a misdemeanor criminal offense — fraud.

He was fined \$4,000 and placed on one year's probation, Miller said.

Police detective Wayne Fergerson, attached to the White Collar Crime Unit, also testified briefly, primarily for the purpose of introducing into evidence a police report about Rewald's suicide attempt July 30.

Rewald checked into the Sheraton-Waikiki the evening of July 29 and slashed his forearms that night or the next day.

## Her legacy from Rewald investment is poverty

from page one

through a lot. I shouldn't have been thinking anything about money then, and I relied on other people to do it.

"It was a very trying time for me. I don't know what I was doing that day."

"I was told I would collect 20 to 26 percent. That didn't mean anything to me at the time, this percent, that percent. Byron never bothered my head about things like that.

"All in all, it was \$82,000. That was the \$79,000 insurance money, and \$3,000 that I had. I invested in January 1982 when the insurance money started coming in. The insurance company was very good about paying right away.

"It was Byron's insurance," she said. "The boys weren't insured."

The money, she said, was "for my old age. Byron and I decided a long time ago, what with raising five children, that we

needed to make arrangements. So we sat down and tried to figure out what we would need in case something happened to him."

She said her surviving sons, Michael, 30, Larry, 25, and Brad, 24, are not in a position to help her, and that in fact she hoped to use her insurance income to help them.

Black says she had no other source of income other than the "interest" from Rewald's firm. "It was set up for me; I would just live off the interest payments from the investment."

She is unemployed. "There isn't much call for a 52-year-old woman," she said.

The people who brought her in, she said, "say they lost all they had, too."

What did they say happened to the money?

"I haven't been able to get a very straight answer out of that," she said, adding that she is confused about what happened and is troubled because "never in my whole life have I had to make a decision

between money and friends."

Black said her claim against Rewald's company is being handled by Hugh Fraser, one of the first investors to complain to authorities about the situation.

"There's no way I can express my appreciation for what Mr. Fraser is doing," she said. "I just think that Rewald would have been completely gone if Fraser hadn't done anything."

Asked how she handles the loss of her money coming so soon on the loss of her husband and sons, Black said, "I believe God doesn't give us more than we can handle."

"Maybe there's a grand plan in this. Byron and I used to say how lucky we were, with five beautiful sons, and not even a broken bone among them all."

"The money being gone is still unreal to me."

"It's like the accident. The accident was much, much worse. But it's like that, something that happens in your life that has no reality."